

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

San Luis Obispo County is located on the central coast, north of Santa Barbara County. It is one of the principal wine grape growing and bottling regions in California. The population in 2009 was 271,000 people, and wage and salary jobs totaled 105,000. The per capita income in San Luis Obispo County is \$38,113, and the average salary per worker is \$43,236.

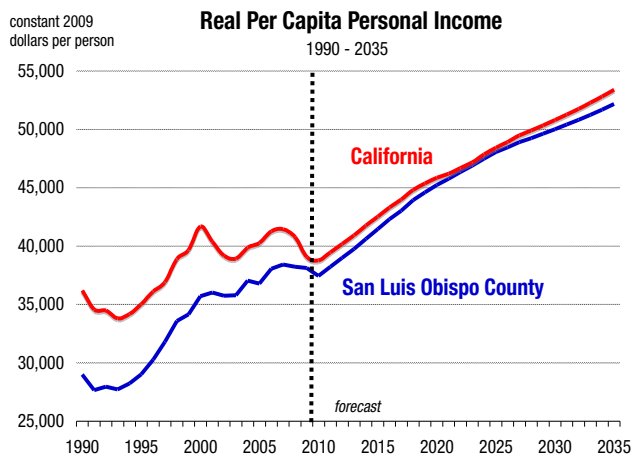
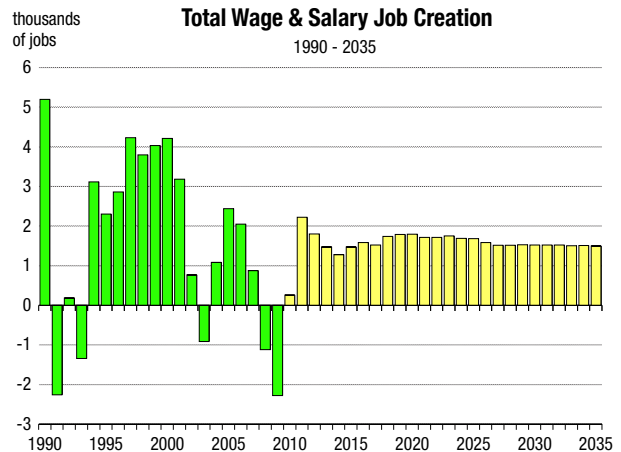
Nearly 2,300 wage and salary jobs were lost in San Luis Obispo County last year, representing a growth rate of -2.3 percent. Though the unemployment rate increased to 9.3 percent, San Luis Obispo County is still one of the more fully employed labor markets in the state.

The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. The public sector dominates all other sectors in terms of jobs because of the large state institutions located in the county, including Cal Poly State University, Cuesta College, Atascadero State Hospital, the California Men's Colony, and the California Youth Authority. Employment increased in government, manufacturing, and education and health services during 2009, with all other sectors recording a loss of jobs for the year. Construction, transportation warehousing and utilities, retail trade, information, leisure services, and financial activities all declined by at least 4.5 percent.

Due to an older population, higher home prices and a lack of housing growth, population has been falling in a number of its southern coastal cities. Population growth will average between one and two percent in the north, and between zero and one percent in the south. Future growth will occur in Paso Robles and Atascadero to the north, and Nipomo to the south.

FORECAST HIGHLIGHTS

- Job growth is expected to be minimal in 2010. The point estimate forecast is 0.2 percent. From 2010 to 2015, the average annual growth rate is expected to average 1.5 percent per year.
- The average salary adjusted for inflation is currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.9 percent per year between 2010 and 2015.
- The professional business services, leisure, construction, and government sectors will be the principle job creators in San Luis Obispo County, accounting for almost 73 percent of all net job creation. No other sector creates more than 1,000 jobs from 2010 to 2015. Many of the service jobs will cater to the large population group aged 65 and over.
- Population will continue to grow modestly in the county. In 2010, a continuation of slow growth (0.6 percent) is forecast. Annual growth in the 2010 to 2015 period averages 0.9 percent per year.

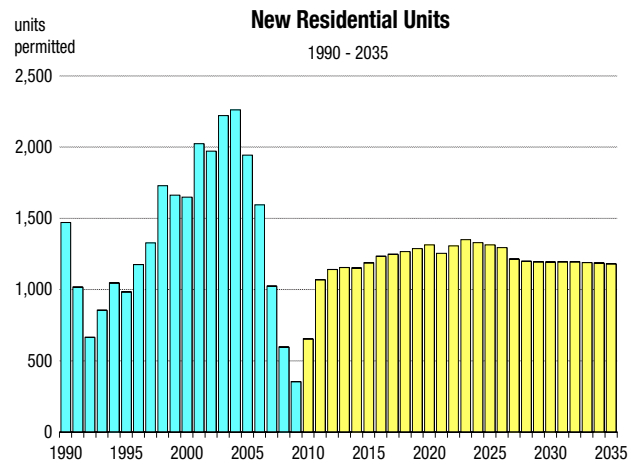
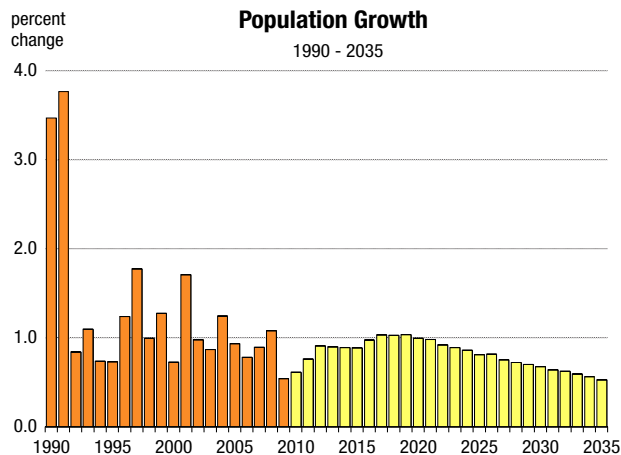


- Net migration is expected to be 979 persons in 2010. Between 2010 and 2015 net migration is forecast to average 1,600 people entering the county per year, accounting for 81 percent of population growth. Much of the new population will relocate in the north county, especially in the Paso Robles area where more housing will be built.
- Real per capita incomes decline 1.7 percent in 2010, but turn positive in 2011. An annual compound rate of growth of 2.1 percent is forecast between 2010 and 2015.
- Total taxable sales adjusted for inflation are expected to increase by an average of 2.4 percent per year over the 2010 to 2015 period.
- Industrial production is forecast to increase by 2.0 percent in 2010. From 2010 to 2015, the growth rate of industrial production will average 2.1 percent per year.
- Farm production is forecast to increase by 1.0 percent per year between 2010 and 2015. The principal crop in the county is wine grapes.

San Luis Obispo County Economic Forecast

2002-2009 History, 2010-2035 Forecast

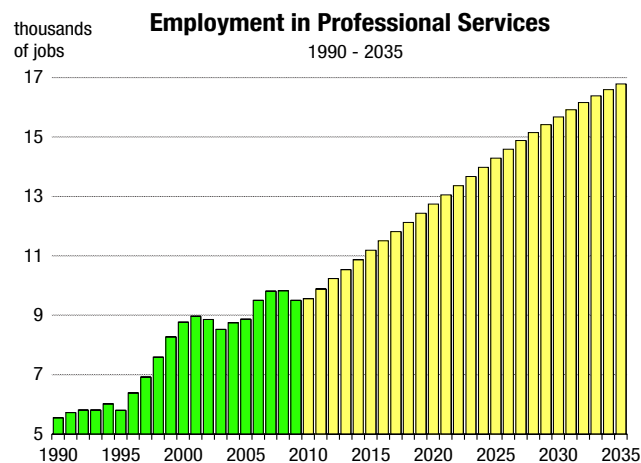
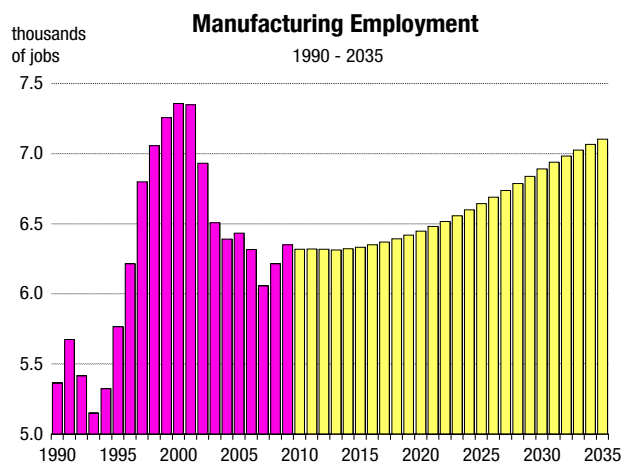
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2002	254,901	2,145	263	95.6	1,972	\$3.10	\$7.43	\$35,753	2.8	587.6	1,149	4.7
2003	257,113	1,693	263	97.3	2,222	\$3.31	\$7.69	\$35,782	2.6	632.6	1,190	4.7
2004	260,313	2,623	282	98.5	2,263	\$3.67	\$8.33	\$37,047	3.3	624.2	1,254	4.6
2005	262,744	1,691	282	100.5	1,945	\$3.94	\$8.73	\$36,791	4.5	657.5	1,309	4.3
2006	264,796	1,538	288	102.1	1,595	\$4.22	\$9.49	\$38,067	4.3	669.9	1,396	3.9
2007	267,162	1,691	285	104.1	1,024	\$4.27	\$9.98	\$38,414	3.3	656.4	1,393	4.3
2008	270,046	2,211	286	105.4	597	\$4.12	\$10.39	\$38,232	3.5	602.8	1,427	5.7
2009	271,511	772	281	106.4	354	\$3.98	\$10.35	\$38,113	-0.8	588.5	1,468	9.3
2010	273,176	979	279	106.9	655	\$4.00	\$10.41	\$37,449	1.8	620.4	1,497	9.6
2011	275,261	1,409	279	107.5	1,070	\$4.12	\$10.98	\$38,235	2.4	637.5	1,516	8.4
2012	277,768	1,835	282	108.5	1,141	\$4.30	\$11.54	\$39,002	2.2	646.3	1,556	7.6
2013	280,263	1,833	285	109.5	1,156	\$4.49	\$12.14	\$39,754	2.4	650.5	1,590	6.8
2014	282,764	1,849	289	110.6	1,152	\$4.75	\$12.78	\$40,597	2.3	651.5	1,623	6.0
2015	285,276	1,874	293	111.7	1,189	\$5.03	\$13.46	\$41,454	2.4	651.4	1,661	5.5
2016	288,065	2,156	297	112.8	1,234	\$5.31	\$14.17	\$42,314	2.3	650.4	1,694	5.2
2017	291,044	2,354	301	113.9	1,248	\$5.61	\$14.88	\$43,016	2.3	646.8	1,733	5.1
2018	294,038	2,381	306	115.1	1,268	\$5.90	\$15.70	\$43,945	2.3	643.0	1,776	5.0
2019	297,087	2,453	310	116.2	1,289	\$6.22	\$16.46	\$44,602	2.3	639.0	1,825	4.8
2020	300,046	2,387	315	117.4	1,314	\$6.57	\$17.21	\$45,226	2.2	635.2	1,883	4.8
2021	302,989	2,400	320	118.6	1,255	\$6.93	\$18.03	\$45,755	2.7	630.7	1,939	4.8
2022	305,777	2,280	325	119.8	1,308	\$7.28	\$18.93	\$46,346	2.8	627.7	1,993	4.7
2023	308,500	2,250	329	121.0	1,351	\$7.62	\$19.82	\$46,885	2.7	623.7	2,048	4.6
2024	311,153	2,216	334	122.3	1,330	\$7.96	\$20.74	\$47,494	2.5	621.7	2,108	4.5
2025	313,679	2,127	338	123.5	1,315	\$8.33	\$21.68	\$48,050	2.6	620.0	2,171	4.4
2026	316,240	2,198	343	124.7	1,296	\$8.70	\$22.61	\$48,464	2.7	618.6	2,239	4.4
2027	318,627	2,064	347	125.9	1,216	\$9.09	\$23.59	\$48,904	2.7	617.8	2,312	4.4
2028	320,929	2,017	351	127.0	1,199	\$9.51	\$24.60	\$49,249	2.9	616.9	2,387	4.3
2029	323,180	2,001	355	128.1	1,196	\$9.94	\$25.66	\$49,620	2.9	617.6	2,465	4.3
2030	325,363	1,968	360	129.3	1,195	\$10.37	\$26.75	\$50,012	2.8	618.5	2,547	4.2
2031	327,449	1,905	364	130.4	1,195	\$10.82	\$27.87	\$50,414	2.8	620.2	2,634	4.2
2032	329,493	1,895	368	131.5	1,195	\$11.30	\$29.05	\$50,825	2.8	622.5	2,723	4.2
2033	331,450	1,842	372	132.6	1,191	\$11.79	\$30.27	\$51,249	2.8	625.5	2,815	4.2
2034	333,322	1,792	376	133.7	1,187	\$12.31	\$31.54	\$51,694	2.8	629.1	2,909	4.3
2035	335,082	1,713	380	134.8	1,182	\$12.86	\$32.87	\$52,168	2.8	632.6	3,005	4.4

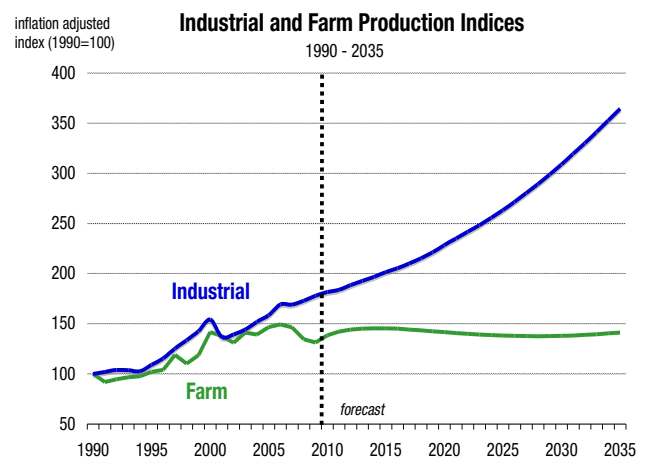
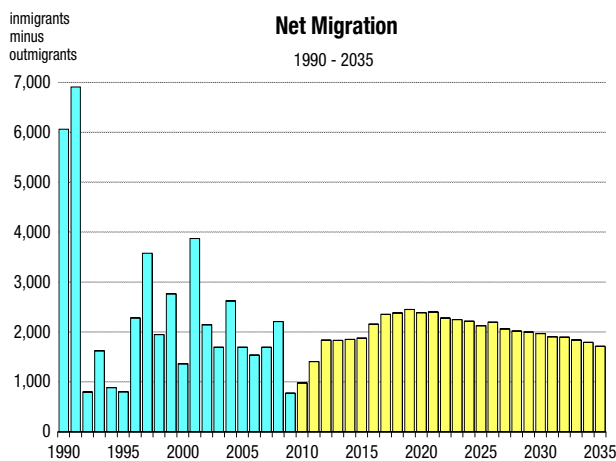
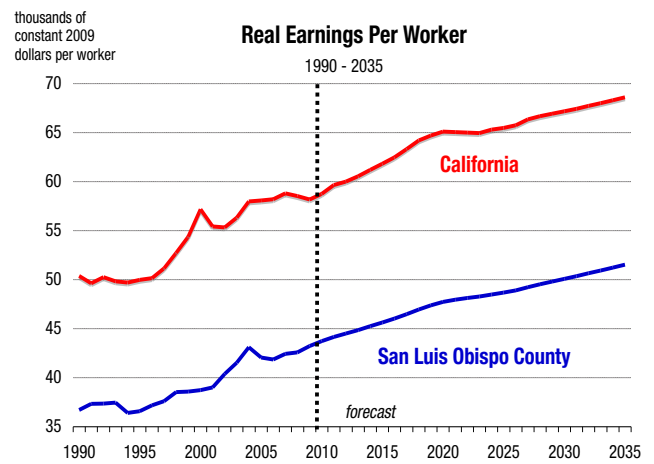
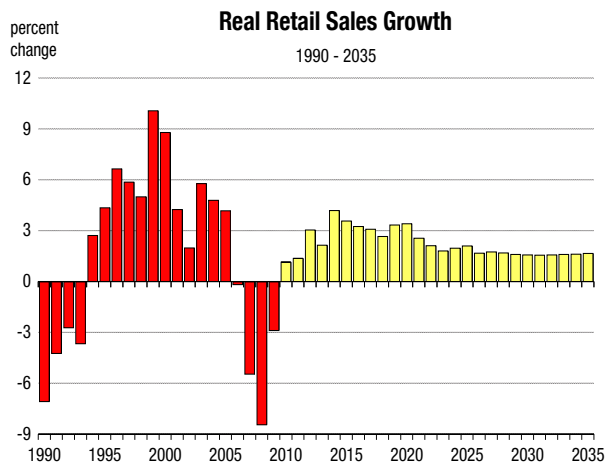


San Luis Obispo County Employment Forecast

2002-2009 History, 2010-2035 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2002	103.0	4.58	6.8	6.9	3.3	15.6	4.3	8.9	1.5	10.0	13.8	23.0
2003	102.0	3.91	6.9	6.5	3.5	15.5	4.4	8.5	1.4	10.3	14.3	22.4
2004	103.1	4.03	7.2	6.4	3.7	16.0	4.7	8.8	1.5	10.5	14.4	22.0
2005	105.6	4.28	7.8	6.4	3.6	16.4	4.8	8.9	1.6	10.8	14.9	21.8
2006	107.6	4.34	8.2	6.3	3.8	17.0	4.9	9.5	1.5	10.8	15.0	22.2
2007	108.5	4.49	7.6	6.1	4.1	16.9	4.6	9.8	1.4	11.1	15.7	22.3
2008	107.4	4.33	6.5	6.2	3.9	16.5	4.1	9.8	1.4	11.4	15.5	23.2
2009	105.1	4.44	5.7	6.4	3.7	15.9	3.9	9.5	1.3	11.7	14.8	23.7
2010	105.4	4.45	5.6	6.3	3.8	16.0	3.8	9.6	1.3	11.7	15.2	23.5
2011	107.6	4.45	6.4	6.3	3.9	16.3	3.8	9.9	1.3	11.8	15.6	23.8
2012	109.4	4.44	6.9	6.3	3.9	16.4	3.9	10.2	1.4	11.9	15.9	24.1
2013	110.9	4.43	7.1	6.3	3.9	16.5	3.9	10.5	1.4	12.0	16.1	24.5
2014	112.2	4.42	7.0	6.3	4.0	16.8	3.9	10.9	1.4	12.1	16.4	24.7
2015	113.6	4.41	6.9	6.3	4.0	17.1	4.0	11.2	1.4	12.2	16.7	25.1
2016	115.2	4.40	7.0	6.4	4.1	17.4	4.0	11.5	1.5	12.3	17.0	25.3
2017	116.7	4.39	7.1	6.4	4.1	17.8	4.1	11.8	1.5	12.4	17.3	25.5
2018	118.5	4.38	7.3	6.4	4.1	18.1	4.1	12.1	1.5	12.5	17.6	25.9
2019	120.3	4.37	7.4	6.4	4.2	18.5	4.1	12.4	1.5	12.6	17.8	26.5
2020	122.1	4.37	7.5	6.4	4.2	19.0	4.1	12.7	1.5	12.7	18.1	26.9
2021	123.8	4.36	7.6	6.5	4.3	19.3	4.2	13.1	1.5	12.8	18.3	27.4
2022	125.5	4.36	7.7	6.5	4.3	19.6	4.2	13.4	1.5	13.0	18.6	27.8
2023	127.3	4.36	7.8	6.6	4.4	19.9	4.3	13.7	1.5	13.1	18.8	28.3
2024	129.0	4.37	8.0	6.6	4.4	20.2	4.3	14.0	1.6	13.2	19.0	28.7
2025	130.6	4.37	8.0	6.6	4.5	20.5	4.4	14.3	1.6	13.3	19.3	29.1
2026	132.2	4.37	8.1	6.7	4.5	20.8	4.5	14.6	1.6	13.5	19.5	29.4
2027	133.8	4.38	8.1	6.7	4.5	21.0	4.6	14.9	1.6	13.6	19.7	29.8
2028	135.3	4.38	8.2	6.8	4.6	21.3	4.7	15.2	1.6	13.7	19.9	30.1
2029	136.8	4.38	8.2	6.8	4.6	21.5	4.7	15.4	1.6	13.9	20.2	30.5
2030	138.3	4.39	8.3	6.9	4.6	21.8	4.8	15.7	1.7	14.0	20.4	30.9
2031	139.8	4.39	8.4	6.9	4.7	22.0	4.9	15.9	1.7	14.1	20.6	31.3
2032	141.4	4.39	8.5	7.0	4.7	22.3	5.0	16.2	1.7	14.2	20.9	31.7
2033	142.9	4.40	8.5	7.0	4.7	22.5	5.0	16.4	1.7	14.3	21.1	32.0
2034	144.4	4.40	8.6	7.1	4.8	22.8	5.1	16.6	1.7	14.5	21.4	32.4
2035	145.9	4.39	8.7	7.1	4.8	23.0	5.2	16.8	1.7	14.6	21.6	32.8





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	15.1%
Expected job growth:	7.8%
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.6%

Expected population growth:	4.4%
Net migration to account for:	72.7%
Expected growth in number of vehicles:	5.2%

Demographics (2009)

Unemployment rate (December)	9.4%
County Rank* in California (58 counties):	6th
Working age (16-64) population:	66.8%

Population with B.A. Degree or higher:	26.7 %
Median Home Selling Price:	\$375,398
Median Household Income:	\$57,628

Quality of Life

Violent Crime rate (2008):	291 per 100,000 persons
County Rank* in California (58 counties):	15th
Average Commute Time to work (2009):	22.6 minutes

High School drop out rate (2008):	11.1 %
Households at/below poverty line:	7.0 %

* The county ranked 1st corresponds to the lowest rate in California